

# T&T's US\$560m bond oversubscribed

TRINIDAD AND TOBAGO has made a successful return to the international debt capital market after three years, with an oversubscribed US\$560 million bond offer, the Ministry of Finance has announced.

'On Monday September 11th, 2023, the Government of the Republic of Trinidad and Tobago, through the Ministry of Finance, successfully issued US\$560 million Senior Unsecured long 7-year Notes at a coupon of 5.950 per cent on the International Capital Market. The offer was oversubscribed by three times the amount required,' the release stated.

Scotiabank and JP Morgan acted as joint lead managers and bookrunners for the transaction.

'This was in tandem with the Republic of Trinidad and Tobago's announcement on September 5th, 2023, of the commencement of a Cash Tender Offer to purchase any and all of the outstanding US\$550 million aggregate principal amount of its 4.375 per cent Notes due 2024,' it stated.

The Finance Ministry stated the marketing strategy for the transaction consisted of group investor calls beginning on September 5 in which Finance Minister Colm Imbert met with 36 potential international investors.

'In addition, a virtual roadshow presentation was made available to investors, garnering participation from 91 different accounts. To help mitigate recent market volatility, the Republic strategically monitored developments in the market on a daily basis; targeting the most opportune day to announce the new issue transaction,' it stated.

'On the morning of September 11th, 2023, after due consideration of market conditions and following receipt of valuable feedback from investors; particularly, large high-quality international accounts, the Republic announced initial price thoughts ('IPTs') at 'T+190-195 bps' for a new USD denominated, senior unsecured Long 7-year bond due 2031,' it stated.

Investors reacted positively to the pricing strategy and took advantage of the limited supply and demand, the ministry stated.

'Key investors, consisting of mostly asset managers based in North America, displayed significant appetite for the Republic's offering and enabled the Republic to place the bond with international investors based in North America (71 per cent) and Europe, Middle East, and Africa (27 per cent), as well as Latin America and Asia. Asset managers purchased 79 per cent of the issue, followed by pension funds with 15 per cent, insurance companies three per cent, and banks two per cent, as well as other investors one per cent,' it stated.

'The positive feedback received from investors and solid order book momentum allowed the Republic to launch and price the transaction at 5.950 per cent for US\$560 million Notes due 2031 at a spread of 170 bps or 1.7 per cent over the current rate of US 7-year Treasury Bills, which traded at 437 bps or 4.37 per cent on Monday, before discount,' it stated.

'The overall transaction strategy proved successful and highlighted the Republic's resiliency in the capital markets, despite recent volatility caused by the unprecedented sharp rise in the interest rates of US 7-year Treasury Bills, which have increased by 400 bps, or four per cent, from 0.36 per cent in August 2020 to 4.37 per cent in

September 2023, following the sharp increase in inflation in the USA after the onset of the Covid-19 pandemic,' it stated.

The ministry said the proceeds from the issuance and sale of the Notes will be used for refinancing the outstanding 4.375 per cent notes due January 2024.

'Comprehensive preparation, good management of the country's fiscal accounts and rapid but strategic execution have allowed us to manage refinancing risk in a way that is protective of our public finances,' Finance Minister Colm Imbert said in response to the transaction.